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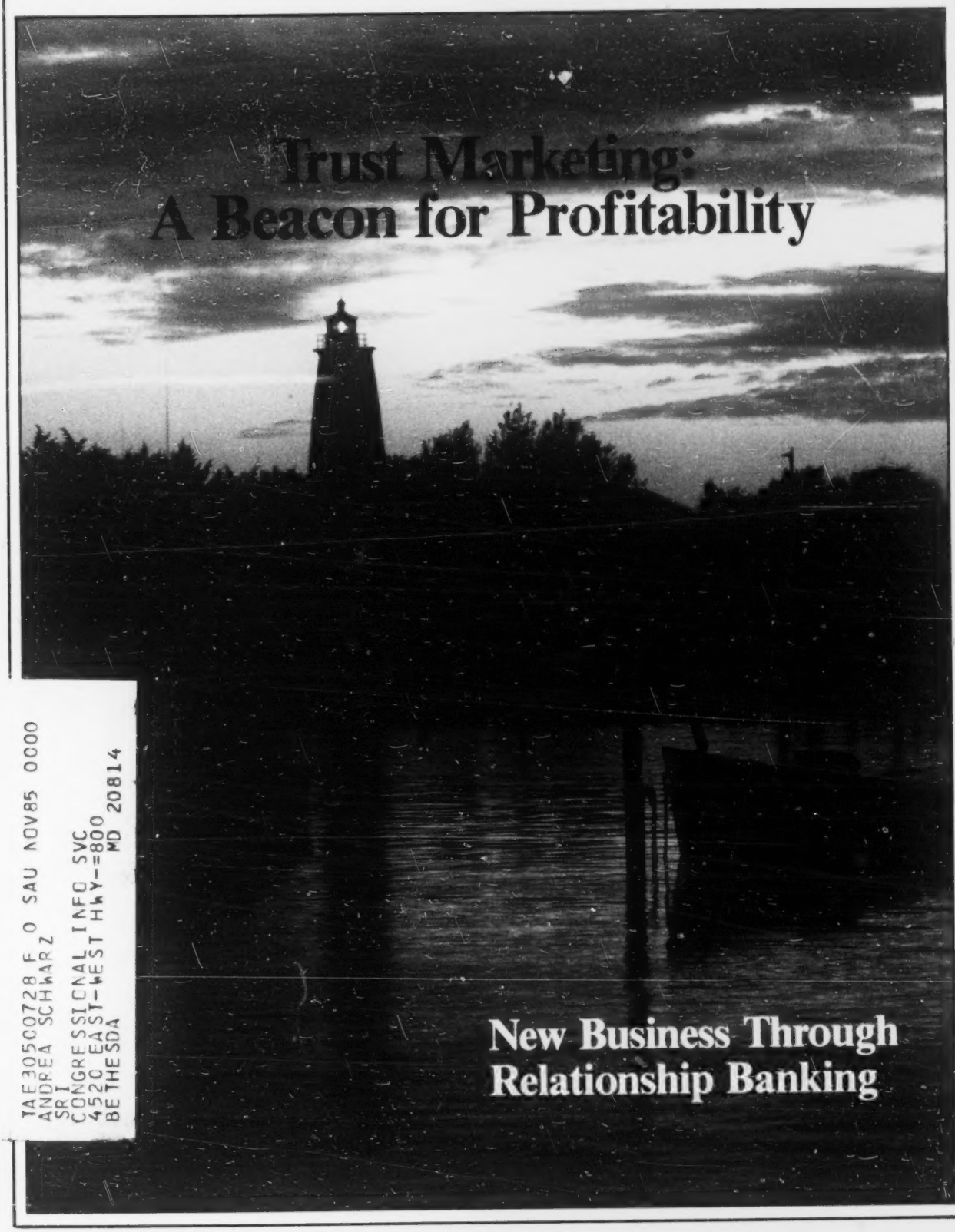

Trust Marketing: A Beacon for Profitability

New Business Through Relationship Banking

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TRUSTS & ESTATES

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Estate Planning and Administration Since 1904

10 **Trust Future Bright Due To Changing Demographics**
An interview with David Pearce Snyder, a pioneer social forecaster

22 **High-Income Customers Lead to High-Profit Business**
Marketing to affluent customers requires market segment identification
Allen R. DeCotiis
John J. DeMarco

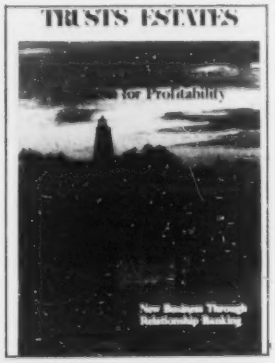
27 **Relationship Banking Keeps Clients Returning**
Preferred clients need special attention to keep them loyal
Leonard L. Berry
Thomas W. Thompson

36 **Internal Trust Referrals Reap Rich Rewards**
Research indicates that customers consider bank officers for trust information
Joshua A.S. Young

41 **Divide and Conquer: One Bank's Marketing Story**
The Gary-Wheaton Bank concentrates on the needs of certain market segments
Gregory W. Osko

47 **Questions and Answers on Estate Planning and Administration**
Answers to questions solicited from our readers
Roy M. Adams

53 **New Figures Show Bank Investing Slips**
Performance declines during the period from mid-1984 to mid-1985
William B. Madden

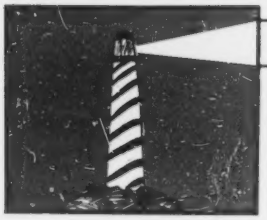


COVER

The lighthouse at Ocracoke, N.C., provides a beacon to passing boats. This issue highlights some marketing beacons for the trust and estate planning industries.

DEPARTMENTS

60 Ad Index
4 Commentary
58 Law & Life Insurance
6 Letters to the Editor
56 Philanthropy & Estate Planning
8 Trends & Developments



High-Income Customers Lead to High-Profit Business

By **ALLEN R. DeCOTIIS**
Executive Vice President
and
JOHN J. DeMARCO
Director of Research
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The financial services industry has become intensely competitive, and one of the most sought after market segments comprises affluent consumers. Little wonder this is so. For most financial institutions, affluent customers are high-profit customers. They generally account for more than 80 percent of banks' consumer deposits. They use more services, generate more fee income, and qualify for larger loans than other customers. But to benefit from serving affluent consumers, financial service providers must first be able to identify them and reach them with clearly targeted marketing messages.

Saying one must identify affluent consumers before one can market trust, brokerage and other financial services to them may seem simplistic. Yet many financial institutions apparently fail to take this most basic step when developing their affluent market programs. Payment Systems, Inc., recently surveyed banks that offer such programs and found that one-third of them had no formal criteria to determine affluence, and another third rely on incomes or balances as measures of affluence. Only one-third take a more sophisticated approach to identifying and segmenting the affluent market.

Traditional ways of identifying affluent households are no longer adequate. Banks that rely on balances as a measure of a customer's affluence take the chance of understating the market. Today's consumers are financially sophisticated, and many wealthy individuals keep relatively small balances in low yielding accounts. While analyzing the results of its 1983 Affluent Market Panel Survey, PSI found that very-high-net-worth households tended to keep about the same amount of money in checking and savings accounts as households having significantly lower net worths.

Furthermore, affluent households frequently use several different financial institutions. Thus it is important to recognize that your bank's average balance customer may be another institution's prize account that could be induced to have more of his or her financial dealings with your bank.

Using only income as a measure of a household's affluence is also not enough. Several banks define affluent households as those having annual income of $50,000 or more. Yet one could raise a convincing argument that, for example, a household made up of two working adults and four dependent children, two living at home year round and two attending college, may be far from affluent despite a $50,000 income. The discretionary income of such a household might be closer to that of a smaller middle-class family.

Accurately identifying the affluent market, then, requires a multi-dimensional approach. Over the course of five years of studying the affluent market, PSI has developed such an approach. Our overall definition of affluence is based on two factors, income and net worth; we define the affluent market as households with a current annual income in excess of $50,000 or a net worth (excluding equity in the principal residence) of $200,000 or more. However, we have found that the affluent market is not homogeneous. Thus, the key to identifying appropriate target markets for specific financial services is segmenting the affluent market according to needs, attitudes and life cycles as well as by economic characteristics.

PSI began its efforts to segment the affluent market in 1981. We used a multidimensional approach that took into consideration economic, demographic, life cycle and life style variables. The segmentation schemes we arrived at in 1981 were successful in identifying relatively homogeneous segments, but they relied heavily on subjective criteria not readily available to financial institutions.

In 1983 we focused our attention on developing a segmentation scheme that financial service providers could readily apply to their own situations. We based the scheme on the assumption that three factors — wealth, occupation, and life cycle — would have the greatest influence on affluent consumers' financial needs and preferences and that one of the three factors would always predominate. In 1983 we identified seven distinct segments.

Two of these are occupational segments. One contains entrepreneurs and business owners, whose primary financial concerns center around the growth

and development of an enterprise. The other comprises senior corporate executives, whose very high incomes and their access to corporate resources make them unique.

We also identified two life cycle segments — young affluents and retired affluent households. We believe for these consumers life cycle is more important than wealth, except for those having a net worth (not including principal residence) of $1 million or more.

The remainder of the affluent market was segmented according to their wealth as low-end affluent households, career affluent households, and the established wealth segment. The established wealth segment transcends all other segments because we believe that for households with net worths in excess of $1 million, wealth overrides occupational and life cycle characteristics.

In 1985 PSI refined the segmentation scheme developed in 1983 and identified an eighth segment comprising households with high annual incomes, between $50,000 and $75,000, that exhibit many characteristics of middle market consumers because of the relatively low discretionary wealth associated with the presence of two or more dependent children. Chart I contains the 1985 segment designations and indicates the percentage of households with annual incomes of $50,000 or more that each represented as of 1983. The current segmentation scheme is mutually exclusive and contains 98 percent of the affluent market.

The importance of market segmentation cannot be overemphasized. Different segments have distinctly different needs. For example, our 1985 research showed senior executives tend to have larger stock and mutual fund portfolios than the average affluent consumer, while business owners, in addition to having a plurality of their assets invested in their businesses, "tend to be more oriented toward real estate investments than the typical affluent consumer."[1]

Segmentation can make the difference between being a market-driven organization rather than a product-driven one, if you use an appropriate segmentation scheme. Too often the temptation is to segment the market according to the type of financial institution a customer uses. But the belief that, for example, a trust department's affluent customers are different from customers who patronize discount brokerage firms is fallacious. Chart II highlights this fact. It compares the distribution of discount brokerage customers and bank trust department customers who responded to PSI's 1985 Affluent Market Panel Survey with the distribution of the total affluent market according to the eight affluent market segments PSI has defined. No significant differences exist.

In our 1985 survey report we concluded:

> Segmenting the affluent marketing according to the providers they patronize provides virtually no more insight into the behaviors, needs, and preferences of these consumers than not segmenting the market at all . . . Providers that use multi-

CHART I
PSI AFFLUENT MARKET SEGMENTS

Segment	Description	Estimated % of Affluent Households*
Career Affluent	Primary income earner is over 34 years of age. Annual income is $75,000 or more. No more than one dependent child is in household.	6.1
Low-End Affluent	Primary income earner is over 34 years of age. For households with no more than one dependent child, annual income is $50,000-$75,000. For households with two or more dependent children, annual income is $75,000 or more. (Also includes households with income less than $50,000 but net worth, excluding primary residence, in excess of $200,000.)	26.2
Senior Executives	Primary income earner is a senior corporate executive over 34 years of age. Annual household incomes in excess of $100,000.	3.9
Entrepreneurs/ Business Owners	Household includes a business owner and has income of at least $75,000 per year. Household head is over 34 years of age.	2.3
Young Affluent	Household has annual income in excess of $50,000 and head of household is 34 years of age or less.	14.0
Retired Affluent	Head of household is retired or semi-retired. Annual household income is greater than $50,000 *or* household net worth is greater than $200,000 (excluding equity in the principal residence).	20.6
Established Wealth	Household has net worth in excess of $1,000,000.	13.1
High-Income, Full-Nest	Household has annual income between $50,000 and $75,000. Head of household is over 34 years of age. Household has two or more dependent children.	11.3

*Percent of households having annual incomes greater than $50,000.
Source: *PSI Affluent Market Research Program 1985 Update Volume I Affluent Market Panel Survey Results*, Payment Systems, Inc. 1985

CHART II
DISTRIBUTION OF CUSTOMER BASES BY AFFLUENT MARKET SEGMENTS

Segment	Total Sample (%)	Bank Trust Department Users (%)	Discount Brokerage Users (%)
Career Affluent	7	6	8
Low-End Affluent	30	32	31
Senior Executive	3	4	3
Business Owner	2	2	2
Young Affluent	3	2	4
Retired Affluent	30	30	28
Established Wealth	10	11	9
High-Income Full-Nest	13	10	11

Source: PSI Affluent Market Research Program 1985 Update Volume I Affluent Market Panel Survey Results, Payment Systems, Inc. 1985

dimensional segmentation schemes such as the one we developed to design products and marketing strategies aimed at specific affluent market segments are more likely to increase the number of services those segments obtain from them. Providers that do not are likely to remain undifferentiated from their competition in affluent consumers' minds.[2]

Obviously the marketing messages aimed at different affluent market segments should be tailored to match the segments' attitudes, preferences and needs. But the techniques available to reach those segments can be applied to any one or combination of segments. The three techniques that can be most effective in reaching affluent consumers are referrals, geo-demographic direct mailing, and targeted media advertising. All three belong in a comprehensive affluent program marketing strategy.

Referrals. Referrals are a time-honored way of reaching new affluent customers, but at many organizations the referral system has been an unstructured, informal affair. An officer in one division at a bank may refer a customer to another division when asked about a specific service.

The process is changing, however, as the financial services industry grows ever more competitive. The implementation of customer information systems that enable institutions to consolidate information about all the relationships a customer has with the institution and alert various divisions to the existence of potential customers is one aspect of the trend to more formal referral systems. Another is the emphasis on relationship banking and cross selling that is emerging at many banks.

One financial institution that has made considerable progress in formalizing its referral program is Trust Company of Georgia (now a part of Sun Trust Banks, Inc.). Referral incentives, automatic referrals between departments for particular products, and cross-selling seminars for employees are the major aspects of this institution's efforts to improve its referral system.[3]

The two focal points of Trust Company's referral program are the trust department and the marketing department's personal services marketing group (PSMG), both of which are located at the lead bank in Atlanta. As is probably the case at most institutions with extensive branch systems, the point at which an affluent consumer first contacts the institution is usually a branch. Trust Company branches have no trust officers; therefore, all branch consumers who indicate a need for trust services are automatically referred to the trust department, as are all new business memos from the commercial side of the bank. This latter type of referral provides the trust department with prospects for services such as employee benefit plans.

The PSMG is the focal point for applications for wills. Whether those applications are received at a branch or by a trust officer, they are automatically referred to PSMG. PSMG officers review the customers in question and may, with the trust department, send brochures listing services the customers might want.

Trust Company offers cash incentives ranging from $50 to $400 for referrals that result in new business. Thus bank officers are encouraged to put other products and services, not just trust services and wills, into the referral stream. In addition, seminars held several times a year give trust officers and retail banking officers many opportunities to stay abreast of the products and services each division is offering and to become aware of new cross-selling opportunities. Cross-selling training seminars are also held periodically for branch customer-service staff who have the greatest day-to-day contact with customers.

Targeted media advertising. While referral programs like the one at Trust Company can be effective in increasing sales to existing customers, they are inadequate by themselves. They are too dependent on customers' coming to the bank, and they do not actively lead to the kind of clearly defined market that allows an institution to leverage service expertise and delivery network availability to a homogeneous segment. Targeted media advertising can play a part in overcoming these weaknesses.

MedCenter Bank, located across the street from the Texas Medical Center at Rice University in Houston, is one institution that has implemented a targeted media advertising approach.[4] When it first announced its new affluent market, it placed ads in local newspapers and medical journals, telling readers "To get to the top, start at the Center." Advertisements in the Houston papers were not particularly effective because the bank has little name recognition outside of the Texas Medical Center and the neighboring affluent suburb of River Oaks.

MedCenter's second approach was to place advertisements in some of Houston's specialty magazines and in news weeklies. While news weeklies might not be the best print media for all institutions targeting one or more affluent market segment, they were more effective than the local specialty magazines for MedCenter. Doing some media research on its own, the bank found that doctors at the medical center and patients in their waiting rooms read the news weeklies. The local specialty magazines were targeted primarily toward women.

Perhaps MedCenter's most effective use of print media advertising was its placement of a black and white ad in several medical journals targeted to the professionals at the Texas Medical Center. The ads featured a picture of an attache case and read, "All bankers make house calls. Some have more in their little black bag than others." Surrounding the attache case were call-outs citing services MedCenter offers to medical professionals. The objective of these advertisements was to prepare readers for sales calls the bank intended to make, and they were used in lieu of direct mail. Officers making follow-up

calls found that this advertising strategy had successfully achieved its goal.

Geo-demographic coding for direct mail. PSI's own experiences show the effectiveness of geo-demographic coding in reaching affluent consumers via direct mail. The basic principle underlying geo-demographic coding is that like attracts like. That is, people with similar demographic characteristics — college students, retirees, affluent households — tend to cluster in certain neighborhoods.

There are a number of research companies that can help you identify census blocks or zip codes that contain high concentrations of consumers that meet almost any demographic criteria you define. We have used geo-demographic coding several times in conducting surveys of the affluent market, achieving accuracy ratings in excess of 88 percent. That is, 88 percent of the households contacted met our criteria for affluence.

Our experience also shows that affluent consumers will respond to direct mail contacts. In our 1981 survey of affluent consumers, we experienced a 42.3 percent response rate. In 1981 we also asked respondents whether they would be willing to participate in future surveys; 88 percent agreed. In 1983, we went back to these respondents with a 14 page survey that took approximately 40 minutes to complete and covered not only attitudes and behavior but also requested information about the complete inflow and outflow of funds. That year 43 percent of the sample of individuals meeting our definition of affluence completed and returned the questionnaire. In both surveys respondents were offered an incentive worth $10-$12.

We believe the key to a successful geo-demographic coding direct mail campaign to attract affluent consumers lies in the quality of the materials sent to them and in using a personal approach. For example, in surveying the affluent market in 1983, we used professionally typeset surveys and employed concise and informative messages. We also used repeated mailings, and each of the mailings was highly personalized. We attribute the high response rate we achieved to our emphasis on quality and personalization, and we believe this orientation would be similarly effective for firms and institutions marketing financial services to affluent consumers.

The affluent market for financial services is a highly profitable and therefore attractive one, and the increasingly competitive nature of the financial services industry makes it necessary to adopt new, more sophisticated approaches to identifying and reaching this market.

This article, based on PSI's research and experience as well as the experiences of financial institutions themselves, has focused on the need to identify the market segments your institution can best serve and on techniques for reaching those segments you identify. We have also presented the affluent market segmentation scheme PSI has developed over the past five years of studying this market.

Market segmentation schemes, referral programs, and targeted media advertising and direct mail marketing techniques are all important elements of a total marketing strategy, but they will not, by themselves, ensure success. Implementing a comprehensive, cohesive strategy for the affluent market calls for the integration of various organizational resources and expertise, and the long-term commitment of senior management to such a strategy is crucial. It is management's responsibiity to support the strategy and give attention to the problems and mistakes that will inevitably be encountered. An effective program to serve the affluent market is likely to emerge only through the combination of a strong methodology, intra-organization cooperation and management support. □

FOOTNOTES

1. *PSI Affluent Market Research Program 1985 Update Volume I Affluent Market Panel Survey Results.* Tampa: Payment Systems, Inc., June, 1985, p. 100.
2. Ibid., p. xiii.
3. "Marketing to the Affluent Market," Affluent Market Research Program Strategic Planning Paper #3, Tampa: Payment Systems, Inc., October 1983.
4. Ibid.

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New Figures Show Bank Investing Slips

By **WILLIAM B. MADDEN**
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An examination of equity performance over various time periods ending June 1985 does not contain a lot of positive news for banks and trusts companies. As measured by median performers, banks have underperformed counselors in nine of the last 10 years on a total fund basis and 10 out of 10 years on an equity-only basis. This, of course, does not mean that all banks underperformed all counselors in any given time period. The study also found that counselors, while generating superior returns over the last 10 years, achieved these returns through portfolios with higher risk, as measured by the annualized standard deviation of quarterly returns.

For the purposes of this article, SEI examined the investment performance of equity-oriented portfolios for the 10-year period July 1, 1975, to June 30, 1985. Total fund and equity-only results were compared for banks and counselors on a year-by-year as well as cumulative basis. Total fund results for the two groups were interpreted in light of the timing of equity allocations. Differing equity results were analyzed using the characteristics of the underlying securities in addition to the risk characteristics of the total equity portfolio.

Total Fund Results

Ten years of data were analyzed for 736 portfolios selected from the data base of equity-oriented funds monitored by SEI Funds Evaluation Services. Of these portfolios, 518 are managed by investment counselors; 218 are managed by banks. Separate groupings were formed for the bank-managed portfolios and the counselor-managed portfolios. Portfolios were then ranked from high to low, based on rates of return for each year and cumulative time period. Considerable attention was given to the "median" result; i.e., the result that 50 percent of the portfolio outperformed and 50 percent underperform.

Shown in Table 1 are the median total fund returns for 12-month periods starting July 1, 1975, and ending June 30, 1985. Banks outperformed counselors in only one time period, from mid-1983 to mid-1984, with banks earning −7.8 percent, compared with counselors at −8.1 percent.

A look at these results on a cumulative basis (Table 2) reveals that the two groups have less disparate results for the last five years than for the total 10-year period. The three-year results are even closer (23.1 percent for banks versus 23.6 percent for counselors) due to the very strong equity results for both groups in the period ending June 30, 1983, and the superior results delivered by banks in calendar 1984.

Another way to illustrate the narrowing gap between the two groups is to compute the value of a dollar invested at different starting points, earning median returns. The results of this computation are shown in Table 3.

A dollar invested on June 30, 1982, and earning the median total fund return achieved by banks would be worth $1.87 on June 30, 1985; a similar investment by counselors would yield $1.89. The gap in dollar value widens as the time period is lengthened, reflecting the wider discrepancy in performance between banks and counselors for earlier time periods.

Generally, the difference in total fund returns cannot be explained by differences in allocation to equities versus cash. However, in some time periods, such as the year ending June 30, 1980, counselors were 85 percent invested in equities, while banks held only an 81 percent equity position. Given the strong up equity market, this difference contributed to the 220 basis point superiority of banks versus counselors. For the 12 months ending June 30, 1984, banks had a lower commitment to equities, which helped them deliver superior total fund results in the face of equity returns that underperformed counselors. Total fund return differences for the most part, however, are due to differences in equity performance alone.

Before leaving the total fund discussion, one further point should be considered. Regardless of the group delivering the results, returns of 23 percent for three years, 17 percent for five years, or 12 percent for 10 years are exceptional on an absolute basis. These returns exceed inflation by a wide margin and, as mesured by a recent SEI survey, exceed the actuarial assumptions of all but the most aggressive pension plans.

Equity Results

Investment Returns. The returns for the equity portions of the portfolios discussed in the previous section are shown in Table 4. Both groups outperformed the Standard & Poor's 500 Stock Composite Index for four time periods: 1978, 1980, 1981, anad 1983. Banks underperformed counselors in each of the 10 time periods, although cumulative results for three years (Table 5) are not significantly different.

Cumulative results were significantly impacted by the very strong equity market from July 1, 1982, to June 30, 1983,

The author would like to acknowledge the assistance of Donald H. Korytowski and Richard Bowers of SEI in the preparation of this article.

during which time banks earned 65.5 percent and counselors 69.0 percent. If these large returns are removed from the time series and replaced by the average of results from the other nine years, the 10-year cumulative for banks drops from 12.12 percent to 7.37 percent, while that for counselors drops from 14.93 percent to 10.11 percent. (The same, of course, could be said for the S&P 500).

Risks Analysis. The discussion to this point has focused on investment returns, with no mention of risk. One measure of risk is the variation, or highs and lows, in returns quarter-to-quarter over several years: A particular class of manager may achieve superior cumulative returns over a given time period, but the investor may be subjected to a frightening roller coaster ride in the process. A statistical measure of these highs and lows is the standard deviation of quarterly returns, called *variability* for simplicity.

Table 6 shows the returns and variability for six overlapping five-year time periods, covering the 10 years from July 1, 1975, to June 30, 1985. Note that the returns for banks are lower than those for counselors for each five-year period, but correspondingly, the variability for banks is lower than that for counselors for each period as well. This underscores what we know about capital markets in aggregate: Higher returns do not come without higher risk; a lower risk posture in up markets probably will yield lower returns.

The results in Table 6 can be reduced to a common denominator, i.e., a single measure of efficiency that will untangle the risk/return differences of each manager grouping. A commonly used measure of return per unit risk is the Sharpe ratio. The Sharpe ratio is computed by subtracting the Treasury bill rate from the absolute return for a given period and dividing that result by the variability. The Sharpe ratio is expressed as a decimal fraction that may be negative as well as positive; values greater than 1.00 indicate superior performance. Sharpe ratios were computed for the equity portions for all 736 portfolio for each of the five-year time periods shown in Table 6. Portfolios were then ranked from high to low (banks separately from counselors) based on this computation. The results of this analysis are shown in Table 7.

In addition to median results, Table 7 also displays the extremes of the distribution, i.e., the 5th and 95th percentiles. Five percent of the results were greater than the numbers indicated under the heading "5th"; five percent were smaller than the numbers listed under "95th." For example, for the five years ending June 30, 1985, banks had a median Sharpe ratio of 0.36, and 90 percent of the banks had Sharpe ratios between 0.75 and 0.04, with 5 percent having values above 0.75 and 5 percent below 0.4.

In all cases, the median ratios for banks were less than those for counselors. In five of the six time periods, the ratios at the 5th, 95th, and median for counselors were higher than the corresponding points of the distribution for banks.

Note that the worst time period for both groups was the five years ending June 30, 1982. This marked the end of a down equity market cycle as well as a period of very high short-term interest rates.

It can be concluded, then, that although banks generate less return volatility (and lower returns) than counselors, one measure of return per unit of risk — the Sharpe ratio — indicates inferior performance by banks in this dimension as well.

Table 1

Bank vs. Fund Results
Total Fund Results
Median Returns For 12-Month Periods Ending June 30, 1985

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
BANKS	9.18	0.71	3.11	11.78	16.73	23.11	−7.35	57.80	−7.84	27.84
COUNSELORS	12.97	2.49	5.53	13.98	18.89	25.13	−7.19	59.73	−8.06	28.47

Table 2

Total Fund Results
Median Returns For Cumulative Time Periods Ending June 30, 1985

	3 YEARS	5 YEARS	10 YEARS
BANKS	23.09	16.15	11.82
COUNSELORS	23.58	17.18	14.46

Table 3

Total Fund Results
Value Of A Dollar On June 30, 1985

	$1 INVESTED 3 YEARS AGO IS WORTH:	$1 INVESTED 5 YEARS AGO IS WORTH:	$1 INVESTED 10 YEARS AGO IS WORTH:
BANKS	$1.87	$2.11	$3.06
COUNSELORS	$1.89	$2.21	$3.88

Table 4

Equity Results
Median Returns For 12-Month Periods Ending June 30, 1985

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
BANKS	9.08	−0.97	3.16	12.96	18.54	25.13	−11.70	65.51	−10.15	30.04
COUNSELORS	14.36	1.71	5.91	15.56	21.56	28.60	−11.98	68.99	− 9.83	30.41
S & P	14.0	0.6	0.0	13.7	17.1	20.4	−11.7	61.2	− 4.6	31.0

Equity Characteristics. In the most recent three-year time period, equity results for both banks and counselors have been similar (24.5 percent banks, 25.3 percent counselors), and in the most recent year, the results are nearly identical (30.0 percent banks, 30.4 percent counselors). Table 8 displays principal portfolio characteristics for the two management groups at the end of the last four calendar quarters. The fundamental characteristics shown are yield, capitalization, price/earnings ratio, and three-year earnings growth rate.

During the last 12 months, counselors have held lower yielding and lower capitalization securities than banks. The price/earnings ratios for the two groups are nearly identical, while the earnings growth rate for counselors are slightly higher than those for banks. The structure of the portfolios constructed by banks and counselors during this time are very similar, explaining in large part the nearly identical equity returns achieved by each group.

Conclusions

Previous articles have indicated that banks outperformed counselors for calendar 1984; this fact still remains. The preceding analysis shifts the time period forward by six months, so that an examination of the most recent annual period excludes the first two quarters of 1984, in which banks outdistanced counselors. Obviously, results of any analysis depend on the starting and ending points chosen.

Although the 10-year historical record quoted is not favorable for banks, it is encouraging that in the most recent three-year time period, banks achieved results much closer to those of counselors. In the most recent 12-month time period, equity results for the two management types were almost indistinguishable.

Further analysis will be required to determine if this is just a function of the time period chosen or the beginning of a trend toward better management by the banks. □

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Table 5

Equity Results
Median Returns For Cumulative Time Periods Ending June 30, 1985

	3 YEARS	5 YEARS	10 YEARS
BANKS	24.54	16.77	12.12
COUNSELORS	25.29	17.69	14.93
S & P	26.3	16.5	12.6

Table 6

Equity Results
Mean Returns & Variability
For Overlapping Five-Year Periods

FIVE YEARS ENDING:	BANKS RETURN	BANKS VARIABILITY	COUNSELORS RETURN	COUNSELORS VARIABILITY
JUNE 30, 1985	16.8	16.7	17.7	17.2
JUNE 30, 1984	14.5	17.7	15.8	18.7
JUNE 30, 1983	19.5	17.0	22.1	18.2
JUNE 30, 1982	8.9	15.1	10.8	16.4
JUNE 30, 1981	11.3	13.7	14.1	14.5
JUNE 30, 1980	8.3	15.1	11.8	16.2

Table 7

Equity Results
Sharpe Ratios For
Overlapping Five-Year Periods

FIVE YEARS ENDING	BANKS 5TH	BANKS MEDIAN	BANKS 95TH	COUNSELORS 5TH	COUNSELORS MEDIAN	COUNSELORS 95TH
JUNE 30, 1985	0.75	0.36	0.04	0.90	0.39	0.07
JUNE 30, 1984	0.54	0.17	−0.08	0.58	0.25	0.02
JUNE 30, 1983	0.94	0.50	0.22	0.88	0.59	0.31
JUNE 30, 1982	0.28	−0.11	−0.43	0.59	0.02	−0.25
JUNE 30, 1981	0.72	0.19	−0.15	1.14	0.41	0.08
JUNE 30, 1980	0.66	0.08	−0.25	0.89	0.31	−0.04

Table 8

Equity Results
Comparison Of Portfolio Characteristics

	YIELD B	YIELD C	CAPITAL-IZATION B	CAPITAL-IZATION C	P/E B	P/E C	3-YEAR EARNINGS GROWTH RATE B	3-YEAR EARNINGS GROWTH RATE C
SEPTEMBER 30, 1984	4.12	3.72	6.55	4.86	9.88	10.00	7.01	7.24
DECEMBER 31, 1984	3.94	3.57	7.74	6.27	10.30	10.35	12.08	12.39
MARCH 31, 1985	3.92	3.66	7.46	5.93	10.33	10.15	17.86	18.24
JUNE 30, 1985	3.72	3.41	7.68	6.13	11.32	11.28	21.14	22.43